



DOCKET NO: H-01	BOARD MEETING: December 10, 2012	PROJECT NO: 12-082	PROJECT COST: Original: \$7,300,000 Current: \$
FACILITY NAME: Western Illinois Kidney Center		CITY: Galesburg	
TYPE OF PROJECT: Non-substantive			HSA: II

PROJECT DESCRIPTION: The applicants are proposing a change of ownership of Western Illinois Kidney Center, a 13-station ESRD facility in Galesburg. Project cost: \$7,300,000.

EXECUTIVE SUMMARY

PROJECT DESCRIPTION:

- The applicants (Fresenius Medical Care Galesburg, LLC d/b/a Fresenius Medical Care Galesburg, Fresenius Medical Care Holdings, Inc., and Western Illinois Kidney Center, LLC) are proposing a change of ownership of Western Illinois Kidney Center, a 13 station ESRD facility in Galesburg. The total project cost is \$7,300,000. **The anticipated project completion date is December 31, 2013.**

WHY THE PROJECT IS BEFORE THE STATE BOARD:

- The project proposes a change of ownership of a health care facility as defined by the Act. 20 ILCS 3960/3.

STATE BOARD REQUIREMENTS FOR CHANGE OF OWNERSHIP:

- **An applicant proposing a change of ownership must provide**
 - details on any proposed changes in the beds or services currently offered,
 - the reason for the transaction,
 - any anticipated additions or reductions in employees,
 - any changes in the restriction of patient admissions, and;
 - attestation that no reductions in access to care will result from the proposed change of ownership transaction.

TRANSACTION:

- The applicants are proposing to transfer assets from Western Illinois Kidney Center, LLC., a joint venture between Galesburg Cottage Hospital (50%), and Pathasara Srinivana, M.D. (50%), to Fresenius Medical Care Galesburg, LLC., whose ultimate parent is Fresenius Medical Care Holdings, Inc. The facility is located at 695 Kellogg Street, Galesburg, and upon transaction completion, will be renamed Fresenius Medical Care Galesburg. The purpose of the transaction is to keep dialysis services available to rural Knox County in Western Illinois, and the Galesburg area.

BACKGROUND/COMPLIANCE ISSUES:

- State Board Staff report finding no compliance issues with either applicant.

PUBLIC COMMENTS:

- No letters of support or opposition were received by the State Board Staff and there was no request for a public hearing.

FINANCIAL AND ECONOMIC FEASIBILITY:

- The total cost of this transaction is \$7,300,000, and it will be funded in its entirety with cash and securities.

CONCLUSIONS:

- According to the applicants there will be no changes in services offered;
- No addition or reduction in employees
- No changes in the restriction of patient admissions

- No reductions in access to care
- The applicants have met the requirements of this criterion.

STATE BOARD STAFF REPORT
Western Illinois Kidney Center, Galesburg
Project #12-082

APPLICATION SUMMARY	
Applicants	Fresenius Medical Care Galesburg, LLC d/b/a Fresenius Medical Care Galesburg, Fresenius Medical Care Holdings, Inc. Western Illinois Kidney Center, LLC
Facility Name	Western Illinois Kidney Center
Location	Galesburg
Application Received	September 20, 2012
Application Deemed Complete	September 21, 2012
Scheduled Review Period Ended	November 20, 2012
Can Applicants Request Another Deferral?	Yes

I. The Proposed Project

The applicants (Fresenius Medical Care Galesburg, LLC d/b/a Fresenius Medical Care Galesburg, Fresenius Medical Care Holdings, Inc., and Western Illinois Kidney Center, LLC) are proposing a change of ownership of Western Illinois Kidney Center, Galesburg, a 13 station ESRD facility. The reported project cost is \$7,300,000.

II. Summary of Findings

- A. The State Board Staff finds the proposed project appears to be in conformance with the provisions of Part 1110.
- B. The State Board Staff finds the proposed project appears to be in conformance with the provisions of Part 1120.

III. General Information

The applicants are Fresenius Medical Care Holdings, Inc., Fresenius Medical Care Galesburg, LLC d/b/a Fresenius Medical Care Galesburg, and Western Illinois Kidney Center, LLC. The facility is located at 695 Kellogg Street, Galesburg, Illinois. The current operating entity/licensee is Western Illinois Kidney Center, and the owner of the site is Galesburg Cottage Hospital. Upon project completion, the facility will be known as Fresenius Medical Galesburg. The proposed project is located in the HSA-II. Project obligation will occur after permit issuance, and **the anticipated project completion date is December 31, 2013.**

IV. Project Costs and Sources of Funds

There is no cost to this project.

Safety Net Impact Statement/Charity Care

The applicant notes the project is categorized as non-substantive, and a Safety Net Impact Statement is not applicable to this project.

The table below shows the amount of “self-pay” care provided for the 3 fiscal years prior to submission of the application for **all Fresenius Medical Care facilities in Illinois** and the amount of care provided to Medicaid patients for the three fiscal years prior to submission of the application for all **Fresenius Medical Care facilities in Illinois**. This includes in-center hemodialysis, peritoneal dialysis, home hemodialysis & sub-acute hemodialysis.

TABLE ONE			
SAFETY NET INFORMATION			
Fresenius Medical Care Facilities in Illinois			
NET REVENUE	\$364,295,636	\$397,467,778	\$353,355,908
CHARITY CARE			
	2009	2010	2011
Charity (# of self-pay patients)	260	146	93
Charity (self-pay) Cost	\$3,642,751	\$1,307,966	\$632,154
% of Charity Care to Net Rev.	1.0%	.33%	0.2%
MEDICAID			
	2009	2010	2011
Medicaid (Patients)	1,783	1,828	1,865
Medicaid (Revenue)	\$40,401,403	\$44,001,539	\$42,367,328
% of Medicaid to Net Revenue	11.9%	11.07%	12%

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